

Message Text

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ACTION STR FOR DONALDSON

USEC BRUSSELS FOR HOFFMAN

USIA FOR COHOES AND ALLEN, USIA/IOP FOR RICHARDSON

FOLLOWING SENT ACTION AMEMBASSY ROME 1/28/76 REPEATED FOR
YOUR INFO:

QUOTE:

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TAGS: ETRD, MTN

SUBJECT: AMBASSADOR WALKER'S SPEECH TO CONFINDUSTRIA

A TRADING SYSTEM FOR THE BALANCE OF THE CENTURY

ADDRESS BY AMBASSADOR WILLIAM N. WALKER
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UNITED STATES DELEGATION TO THE
MULTILATERAL TRADE NEGOTIATIONS
BEFORE THE
ITALIAN ASSOCIATION OF INDUSTRIES (CONFINDUSTRIA)

ROME, ITALY
JANUARY 29, 1976

IN DISCUSSING THE FUTURE OF THE INTERNATIONAL TRADING SYSTEM, I AM REMINDED OF THE CAVEAT EXPRESSED BY THE 16TH CENTURY ITALIAN HISTORIAN FRANCESCO GUICCIARDINI, WHO SAID "THE AFFAIRS OF THIS WORLD ARE SO SHIFTING AND DEPEND ON SO MANY ACCIDENTS, THAT IT IS HARD TO FORM ANY JUDGEMENT CONCERNING THE FUTURE; NAY, WE SEE FROM EXPERIENCE THAT THE FORECASTS EVEN OF THE WISE ALMOST ALWAYS TURN OUT FALSE."

LEST I BE ACCUSED OF FALSE PROPHECY, I WILL RESIST THE TEMPTATION TO PREDICT THE OUTCOME OF WHAT IS TRANSPIRING IN TODAY'S ECONOMY OR TO PREDICT THE FUTURE SHAPE OF THE INTERNATIONAL ORDER. STILL, IT IS A WISE SAYING, AS GUICCIARDINI ALSO SAID, DI COSA NASCE COAS, ONE THING LEADS TO ANOTHER, AND I HOPE I MAY BE PERMITTED AT LEAST TO SUGGEST WHAT THE UNITED STATES PERCEIVES AS THE DESIRABLE COURSE.

SOME HAVE ARGUED THAT IN THESE PRECARIOUS TIMES WE SHOULD NOT BE THINKING ABOUT THE FUTURE EXPANSION AND LIBERALIZATION OF THE INTERNATIONAL TRADE AT ALL. THEY WOULD HAVE NATIONS DIG IN THEIR HEELS, PROTECT WHAT THEY HAVE ACHIEVED, BEGGAR THEIR NEIGHBORS AND LOOK FOR NATIONAL SOLUTIONS TO THE SERIOUS GLOBAL PROBLEMS THAT CONFRONT US ALL.

THE UNITED STATES REJECTS THIS VIEW. OUR POLICIES ARE AIMED AT LIBERALIZING AND EXPANDING WORLD TRADE. THEY ARE EMBRACED BY BOTH THE PRESIDENT AND THE CONGRESS; BY THE GREAT MAJORITY OF DEMOCRATS AND REPUBLICANS ALIKE. IT IS A TRULY BIPARTISAN POLICY WE ARE PURSUING. WHILE THE UNITED STATES WILL VIGOROUSLY SUPPORT ITS NATIONAL ECONOMIC INTERESTS, WE SPURN THE POLICY OF PROTECTIONISM, AND WE HAVE JOINED WITH OTHER NATIONS TO CREATE AN INTERNATIONAL DISCIPLINE TO AVOID RESORT TO PROTECTIONIST MEASURES. LET ME BE MORE SPECIFIC. WE ARE EXPERIENCING THE MOST UNCLASSIFIED

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SEVERE GLOBAL RECESSION SINCE THE 1930'S. A SIMILAR SITUATION, SOME FORTY YEARS AGO, HELPED CAUSE A BREAKDOWN OF WORLD ORDER WHICH CONTRIBUTED TO THE CAUSE OF EVENTS CULMINATING IN THE SECOND WORLD WAR. THE EVENTS OF THE PAST TWO YEARS HAVE NOT BEEN AS SEVERE -- AND THE CONSEQUENCES HAVE NOT BEEN AS TRAGIC -- IN PART BECAUSE WE HAVE LEARNED FROM EARLIER MISTAKES. BUT INFLATION, RECESSION, HIGH UNEMPLOYMENT AND OTHER MANIFESTATIONS OF THE SHARP ECONOMIC DOWNTURN HAVE CREATED SERIOUS TENSIONS AMONG NATIONS AND SEVERE STRESSES UPON THE INSTITUTIONS THAT HAVE BROUGHT US UNPARALLELED PROSPERITY DURING THE LAST 25 YEARS. AS RECENTLY AS A FEW YEARS AGO WE TOOK CONTINUED GROWTH AND INCREASING PROSPERITY FOR GRANTED. BUT IN A FAST-CHANGING WORLD, THE

ORDER CREATED OUT OF THE ASHES OF WORLD WAR II -- CREATED
LARGELY BY THE EFFORTS OF A MILITARILY AND ECONOMICALLY
PREPONDERANT UNITED STATES -- COULD NO LONGER BE SUSTAINED.

NEW FORCES UNLEASHED MAJOR UPHEAVALS IN THE ESTABLISHED
SCHEME OF ECONOMIC ORDER: THE DISSOLUTION OF THE OLD
MONETARY SYSTEM AND A GROPING TOWARD NEW MONETARY ARRANGE-
MENTS, DIFFEENT AND MORE DYNAMIC RELATIONS BETWEEN DEVELOPED
AND DEVELOPING NATIONS, THE EMERGENCE OF THE EOUROPEAN
COMMUNITY AS THE WORLD'S LARGEST TRADING ENTITY, INCREASED
TRADE BETWEEN EAST AND WEST, NEW AWARENESS OF THE LIMITS ON
AVAILABILITY OF RAW MATERIALS AND A HOST OF OTHER EVENTS.

THE OLD CONSENSUS HAS ERODED AND NEW RELATIONSHIPS ARE
EMERGING, WE ARE TODAY BUILDING A NEW STRUCTURE OF WORLD
ECONOMICS WHICH WILL GOVERN THE CONDUCT OF INTERNATIONAL
ECONOMIC RELATIONS FOR THE BALANCE OF THE TWENTIETH CENTURY.
THIS PROCESS OCCURS AMID CALLS FOR RADICAL RESTRUCTURING AS
DEVELOPING NATIONS ASSERT NEW ECONOMIC AWARENESS, AD THE
WESTERN DEMOCRACIES CONFRONT A CRISIS OF CONFIDENCE IN THE
MARKET ENTERPRISE ECONOMIC SYSTEMS THAT BROUGHT THEM UN-
PRECEDENTED PROSPERITY AND AS A NEW AWARENESS OF GLOBAL
INTERDEPENDENCE CLASHES WITH STRIDENT NATIONALISM. IT IS A
TIME WHEN FUNDAMENTAL SHIFTS IN HISTORIC FORCES ARE TAKING
PLACE. THE UNITED STATES, LET ME EMPHASIZE, WILL CONTINUE
TO EXERT A STRONG AND POSITIVE LEADERSHIP ROLE IN THIS TIME
OF RAPID CHANGE. THE UNITED STATES WILL NOT BE EITHER
ISOLATIONIST OR PROTESTIONIST. WE ARE A LEADING CITIZEN IN
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THE WORLD COMMUNITY AND WILL SO CONDUCT OURSELVES.

IT IS COINCIDENTAL, AND I THINK FORTUNATE, THAT THIS WORLD-
WIDE PROCESS OF CHANGE IS OCCRUING AT A TIME WHEN AMERICANS
ARE CONSIDERING THE FUTURE COURSE OF OUR OWN NATION. WE IN
THE UNITED STATES ARE NOW CELEBRATING OUR BICENTENNIAL, AN
EVENT IN WHICH ALL AMERICANS TAKE PRIDE. IT IS A TIME OF
REDEDICATION TO THE PRINCIPLES AND IDEALS WHICH HAVE GUIDED
US IN THE PAST. IT IS ALSO A TIME WHEN AMERICANS WILL
CONTEMPLATE WHAT MAY LIE AHEAD, AND IN THE PROCESS WE WILL
HELP LAY THE FOUNDATION FOR THE FUTURE. NOT ONLY WILL VITAL
UNITED STATES INTERESTS BE AFFECTED BY THE OUTCOME, BUT ALSO
OUR REEVALUATION WILL EXERT AN IMPORTANT INFLUENCE UPON THE
EMERGING WORLD REALIGNMENT.

OUR CONTINUING COMMITMENT TO THE IDEALS WHICH HAVE GUIDED
OUR NATIONAL LIFE FOR 200 YEARS WILL HELP US DEFINE OUR
NATIONAL COURSE IN MANY AREAS -- INCLUDING THE PRAGMATIC
WORLD OF COMMERCIAL INTERCOURSE. WE MAINTAIN THAT THERE ARE
CERTAIN FUNDAMENTAL PRINCIPLES WHICH MUST BE AT THE HEART OF
THE TRADING SYSTEM OF THE FUTURE. WE WILL DEFEND THOSE
PRINCIPLES VIGOROUSLY IN THE MULTILATERAL TRADE NEGOTIATIONS

PRESENTLY UNDER WAY IN GENEVA, BECAUSE WE BELIEVE THEY ARE
ESSENTIAL TO THE MAINTENANCE OF THE DEMOCRATIC WAY OF LIFE.

THE SYSTEM WHICH WE WILL WORK TO CONSTRUCT IN THE MEANTIME
SHOULD:

1. PROMOTE INDIVIDUAL FREEDOM OF CHOICE -- FOR
THE CONSUMER AND THE PRODUCER. WE ARE SKEPTICAL
OF PROPOSALS TO ORGANIZE MARKETS AND LIMIT INDIVIDUAL
DECISION-MAKING BY BUREAUCRATIC FIAT.

2. IMPROVE MATERIAL WELL-BEING FOR ALL PEOPLES
BY INCREASING THE TOTAL WEALTH AVAILABLE FOR
DISTRIBUTION. WE REJECT THE COUNSEL OF THOSE
WHO WOULD STIFLE GROWTH IN THE NAME OF REDISTRI-
BUTING WEALTH. WE NEED TO STIMULATE WORLD-WIDE
ECONOMIC GROWTH SO THAT MORE PEOPLE CAN SHARE MORE
WEALTH.

3. MAXIMIZE THE EFFICIENCY BY WHICH GOODS AND
SERVICES ARE PRODUCED AND DISTRIBUTED. WE REAFFIRM
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OUR COMMITMENT TO THE BASIC PRINCIPLES OF COMPARATIVE
ADVANTAGE AND EFFICIENT RESOURCE ALLOCATION.

4. ENSURE AGAINST ARBITRARY ABUSE OF ECONOMIC
POWER. WE REAFFIRM OUR COMMITMENT TO THE BASIC
PRINCIPLE OF MOST FAVORED NATION TREATMENT AND
WILL OPPOSE RETREAT TOWARD DISCRIMINATORY PRE-
FERENTIAL TRADING POLICIES.

5. ENHANCE THE RULE OF LAW BY DEFINING ACCEPTABLE
NORMS OF BEHAVIOR. WE ARE COMMITTED TO A MORE STABLE
WORLD ECONOMIC ORDER IN WHICH FAIRNESS AND PRE-
DICTABILITY ARE ENHANCED THROUGH DUE PROCESS OF LAW.

ITALY, LIKE THE UNITED STATES, HAS A TREMENDOUS STAKE IN THE
TRADING SYSTEM AND IN THE OBJECTIVES I HAVE PROPOSED. FOR
ONE EXAMPLE, ITALY IS, AFTER JAPAN, THE INDUSTRIALIZED
COUNTRY WITH THE HIGHEST RATIO OF PRIMARY COMMODITY IMPORTS
TO TOTAL IMPORTS. WHILE THERE IS NOTHING TO INDICATE THAT
THERE WILL BE REAL AND SERIOUS SHORTAGES OF PRIMARY COM-
MODITIES IN THE FORESEEABLE FUTURE, APPREHENSION ABOUT THE
AVAILABILITY OF SUCH MATERIALS HAS BEEN GROWING.

ITALIAN EXPORTS TO THE UNITED STATES HAVE GROWN MORE RAPIDLY
THAN THE GROWTH OF WORLD EXPORTS IN GENERAL, REACHING A
TOTAL OF 2.3 BILLION DOLLARS IN 1974. EXPORTS FROM ITALY
TO THE UNITED STATES MORE THAN DOUBLED BETWEEN 1958 AND
1965, AND DOUBLED AGAIN BETWEEN 1965 AND 1969, AND DOUBLED
YET A THIRD TIME BETWEEN 1969 AND 1974. AN IMPORTANT FACTOR
IN THIS PERFORMANCE WAS THE REDUCTION OF COMMERCIAL BARRIERS
NEGOTIATED IN SEVERAL PREVIOUS ROUNDS OF TRADE NEGOTIATIONS.
THE CURRENT ROUND OF GENEVA TALKS -- SHOULD FURTHER DEVELOP
OUR MUTUALLY BENEFICIAL TRADE RELATIONSHIP.

OBVIOUSLY, PARTICIPANTS IN THE NEGOTIATIONS SHARE A PRESUMPTION THAT SUCCESSFUL BARGAINING WILL REWARD EACH OF THEM WITH TANGIBLE ECONOMIC BENEFITS. BUT BEYOND THAT, NEW TYPES OF AGREEMENTS ARE ESSENTIAL, FIRST, TO PRESERVE THE LEVEL OF LIBERALIZATION ACHIEVED IN TRADING SPECIFIC CONCESSIONS, AND SECOND, TO CREATE A CLIMATE OF STABILITY IN THE OPERATION OF DIVERSE NATIONAL POLICIES. ONLY IN THAT WAY CAN BUSINESSMEN LIKE YOURSELVES BE CONFIDENT OF THE LEGAL AND ADMINISTRATIVE FRAMEWORK IN WHICH TRADING OPER-

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ACTIONS TAKE PLACE. FINALLY, ONLY BY MEANS OF SUCH AGREEMENTS WILL WE BE ABLE TO PROVIDE ADEQUATE PROCEDURES FOR RESOLVING THE DISPUTES WHICH WILL INEVITABLY ARISE IN AN INTERDEPENDENT WORLD. IN SHORT, WE SEEK TO INCREASE PREDICTABILITY IN THE SYSTEM.

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THERE NOW EXISTS A FRAMEWORK OF RULES AND OBLIGATIONS IN THE FORM OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE, OR GATT, WHICH HAS BEEN IN FORCE FOR A FULL 28 YEARS. IT HAS WORKED WELL AND WILL FORM A WORTHY FRAMEWORK FOR THE TRADING SYSTEM FOR THE BALANCE OF THIS CENTURY. IT IS OUTMODED, HOWEVER, IN MANY RESPECTS AND SILENT ON SOME KEY QUESTIONS. TODAY WE HAVE NEW TECHNOLOGIES, NEW POLITICAL ENTITIES, NEW KINDS OF GOVERNMENT INTERVENTION IN ECONOMIC AFFAIRS AND NEW CONCEPTS

OF OUR INTERNATIONAL ECONOMIC RELATIONS WHICH MUST BE ADDRESSED.

THIS PERCEPTION IS STRONGLY REFLECTED IN THE UNITED STATES MANDATE FOR THESE NEGOTIATIONS, THE TRADE ACT OF 1974. FOR THE FIRST TIME IN THE HISTORY OF THE UNITED STATES TRADE LEGISLATION, THE PRESIDENT IS DIRECTED TO SEEK A NUMBER OF SPECIFIC IMPROVEMENTS IN THE INTERNATIONAL TRADING RULES, INCLUDING SOME OF THE MOST SERIOUS INADEQUACIES OF THE GATT.
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WHAT ARE THESE IMPROVEMENTS?

FIRST, WE NEED TO FACE THE PROBLEM OF INTERNATIONAL SAFE-GUARD RULES -- THAT IS, HOW TO PRESERVE THE BENEFITS OF LIBERALIZATION ACHIEVED IN NEGOTIATIONS IN THE FACE OF SUBSEQUENT, AT TIMES URGENT, NEED TO GIVE TEMPORARY RELIEF TO INDUSTRIES AFFECTED BY SUDDEN INCREASES IN IMPORTS. AS TRADE HAS GONE UP AND AS BARRIERS HAVE COME DOWN, PRESSURES HAVE MOUNTED FOR ACTIONS TO PROTECT PARTICULAR INDUSTRIES WHICH ARE MORE EXPOSED TO FOREIGN COMPETITION. PARTICULARLY IN PERIODS OF WIDESPREAD RECESSION, PRESSURES MOUNT TO ERECT BARRIERS TO PROTECT INDIVIDUAL INDUSTRIES FROM LEGAL -- BUT NONETHELESS DISRUPTIVE -- IMPORT COMPETITION. GATT RULES DO SPELL OUT PROCEDURES FOR TEMPORARY, LIMITED AND EXCEPTIONAL STEPS IN SUCH CASES, BUT INCREASINGLY COUNTRIES HAVE FOUND WAYS TO TAKE RESTRICTIVE ACTIONS, NOT ALL OF THEM TEMPORARY AND MANY OF THEM OUTSIDE THE AGREED MECHANISMS AND NOT SUBJECT TO ADEQUATE DISCIPLINE.

IF WE ARE SUCCESSFUL IN NEGOTIATING IMPROVED INTERNATIONAL RULES ON IMPORT SAFEGUARDS, TRADING PARTNERS CAN HAVE THE CONFIDENCE TO PRESS AHEAD WITH FURTHER REDUCTION OF TARIFF AND NON-TARIFF BARRIERS. THIS IS, THUS, AN AREA OF HIGH PRIORITY FOR THE UNITED STATES.

AN IMPORTANT OBJECTIVE IN IMPROVING WORLD TRADING RULES INVOLVES THE ESTABLISHMENT OF PROCEDURES AND INSTITUTIONS TO STRENGTHEN THE PROSPECTS THAT NATIONS WILL ABIDE BY THEIR INTERNATIONAL OBLIGATIONS. I REFER TO THE NEED FOR NEW PROVISIONS FOR INTERGOVERNMENTAL CONSULTATION, INFORMATION-SHARING, DISPUTE SETTLEMENT AND INTERNATIONAL DECISION-MAKING.

CURRENT GATT PROCEDURES IN THESE AREAS ARE GENERALLY INADEQUATE. WE HOPE TO SEE HERE NEW APPROACHES TO DISPUTE AVOIDANCE THROUGH BETTER PROCEDURES FOR CONSULTATION, INFORMATION-SHARING, MONITORING OF TRADE DEVELOPMENTS AND OTHER TECHNIQUES. WE ALSO SEEK MORE SATISFACTORY APPROACHES TO DISPUTE SETTLEMENT -- THROUGH IMPARTIAL AND PROMPT PROCEDURES WHICH ARE CAPABLE OF PROVIDING RESOLUTIONS BUT
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WHICH NEVERTHELESS LEAVE ROOM FOR COUNTRIES TO REACH AGREEMENT THEMSELVES, WHERE THIS PROVES POSSIBLE.

ANOTHER CONCERN IS NON-TARIFF OBSTACLES EMBRACING NATIONAL POLICY MEASURES WHICH HAVENRLICANT IMPACT ON TRADE FLOWS. TIS COMPLEX OF ISSUES INCLUDES SOME OF THE MOST INTRACTABLE PROBLEMS WE FACE BECAUSE THEY RAISE QUESTIONS OF NATIONAL SOVEREIGNTY, GOVERNMENT AND DOMESTIC POLICY AND THE PROPOSITION THAT ECONOMIC BURDENS OUGHT NOT TO BE SHIFTED ONTO ONE'S TRADING PARTNERS.

ONE EXAMPLE CONCERNS GOVERNMENT PROCUREMENT, THE PRACTICE OF MANY GOVERNMENTS (INCLUDING MY OWN) WHICH GIVES PREFERENCES TO DOMESTIC PRODUCERS IN GOVERNMENTAL PROCUREMENT POLICIES. WE HOPE TO AGREE ON A SET OF GUIDELINES FOR REDUCING THE PROTECTIVE EFFECTS OF THESE POLICIES SO MORE TRADE CAN FLOW.

SUBSIDY PROGRAMS THAT ALL GOVERNMENTS USE TO INDUCE ECONOMIC ACTIVITY TO FLOW IN CERTAIN DIRECTIONS, IS ANOTHER EXAMPLE OF THE KIND OF INTERNAL POLICIES WHICH MAY HAVE TRADE EFFECTS. THESE PROGRAMS ARE FREQUENTLY USED TO PROMOTE IMPORTANT AND LEGITIMATE DOMESTIC SOCIAL OR ECONOMIC NEEDS. BUT THEIR EFFECT ON INTERNATIONAL TRADE CAN BE SIGNIFICANT, AND IT HAS BECOME CLEAR THAT EXISTING GATT RULES ON TRADE-DISTORTING SUBSIDIES AND COUNTERMEASURES EMPLOYED AGAINST THEM DO NOT PROVIDE SUFFICIENT INTERNATIONAL DISCIPLINE.

A SOLUTION TO THIS PROBLEM IS AMONG THE HIGHEST PRIORITIES OF THE UNITED STATES. SUBSIDY PRACTICES BY ONE NATION CAN ERODE TRADE CONCESSIONS IT HAS GRANTED ANOTHER. FOR EXAMPLE, ONE COUNTRY'S TARIFF PROTECTION ON A PARTICULAR PRODUCT IS CLEARLY UNDERMINED TO THE EXTENT A TRADING PARTNER SUBSIDIZES EXPORTS OF THAT PRODUCT INTO THE FIRST COUNTRY'S MARKET. SIMILARLY, ONE COUNTRY'S EXPORT MARKET IN ANOTHER COUNTRY CAN BE HURT IF A SECOND COUNTRY SUBSIDIZES EXPORTS INTO THE SAME MARKET AND TAKES AWAY THE FIRST COUNTRY'S BUSINESS. FINALLY, WE UTTERLY REJECT THE PROPOSITION THAT THE PROBLEM CAN SIMPLY BE REMEDIED BY ADDITION OF AN INJURY CLAUSE TO THE UNITED STATES COUNTERVAILING DUTY STATUTE. IF UNCLASSIFIED

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YOU WILL FORGIVE A FIGURE OF SPEECH, WE DO NOT ACCEPT THE VIEW THAT OTHER COUNTRIES ARE FREE TO SHOOT AT THE UNITED STATES AND THAT WE MAY NOT RESPOND TO FLESH WOUNDS, BUT ONLY WHEN THE SUBSIDY STRIKES A BONE OR VITAL ORGAN. NOR IS THE INTENT OF A PARTICULAR SUBSIDY THE CONTROLLING FACTOR -- I.E., THEYQRON OF WHETHER A PARTICULAR SUBSIDY IS AIMED

AT STIMULATING EXPORTS. WHAT IS IMPORTANT IS THE FACT THAT A COUNTRY ON THE RECEIVING END OF THE SUBSIDY IS DIRECTLY AND ADVERSELY AFFECTED BY THE SUBSIDY.

IN OUR VIEW, WHAT IS NEEDED IS MULTILATERAL DISCIPLINE OVER BOTH SUBSIDY PRACTICES AND COUNTERMEASURES. CLEARLY, A SOLUTION TO THIS PROBLEM IS NOT GOING TO ENTAIL AN OUTRIGHT BAN ON ALL SUCH PROGRAMS. NEITHER WILL IT ENTAIL COMPLETELY ISOLATING THEM FROM INTERNATIONAL SCRUTINY. AGREEMENT IS REQUIRED ON THE KINDS OF SUBSIDIES WHICH CAN BE TOLERATED, RECOGNITION OF THE INTERNATIONAL BURDENS CREATED BY SUBSIDY PROGRAMS AND AN UNDERSTANDING ON A FRAMEWORK OF RULES FOR AVOIDING OR SHARING THOSE BURDENS. WE ARE ACTIVELY PURSUING THIS GOAL IN THE NEGOTIATIONS.

ANOTHER EXAMPLE OF DOMESTIC MEASURES WHICH CAN IMPEDE TRADE IS DEVELOPMENT OF PRODUCT STANDARDS. THIS IS JUSTIFIABLY A NATIONAL PREROGATIVE, WE HAVE MADE GREAT PROGRESS IN THE MTN ON A DRAFT INTERNATIONAL AGREEMENT TO HARMONIZE THE VARIOUS NATIONAL STANDARDS-SETTING PROCEDURES. THE OBJECTIVE IS TO ENSURE THAT STANDARDS WILL NOT ERECT NEW NON-TARIFF BARRIERS AS COUNTRIES SEEK TO INCREASE THE UNIFORMITY AND RELIABILITY OF CATEGORIES OF PRODUCTS TRADED WITHIN THEIR BORDERS.

EARLIER, I REFERRED TO THE COMMON STAKE WHICH ITALY AND THE UNITED STATES HAVE IN THE NEGOTIATIONS. THIS INTEREST IN A HEALTHY AND EXPANDING TRADING SYSTEM IS NOWHERE BETTER ILLUSTRATED THAN IN THE FIELD OF AGRICULTURE, WHICH, AS YOU KNOW, HAS BEEN THE SINGLE MOST CONTENTIOUS ISSUE IN THE NEGOTIATIONS THUS FAR.

THE UNITED STATES IS THE WORLD'S MOST EFFICIENT, MOST DEPENDABLE AGRICULTURAL PRODUCER. AGRICULTURE IS THE LARGEST INDUSTRY IN THE UNITED STATES, GENERATING OVER 16 PERCENT OF TOTAL GNP. IN 1974 APPROXIMATELY ONE THIRD OF UNCLASSIFIED

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OUR AGRICULTURAL OUTPUT WAS EXPORTED. AT THE SAME TIME WE ARE A MAJOR IMPORTER OF AGRICULTURAL PRODUCTS, AND OUR CONSUMERS BENEFIT FROM THE SAVINGS AND VARIETY OF CHOICE THAT RESULT.

THE CONTRIBUTION OF AGRICULTURE TO THE ITALIAN ECONOMY IS ALSO LARGE. IT ACCOUNTS FOR 9 PERCENT OF ITALIAN GNP, WHICH IS LARGER THAN IN MOST EC MEMBER STATES WHERE THE AVERAGE IS 5.2 PERCENT. ITALY RELIES HEAVILY ON AGRICULTURAL EXPORTS BUT IT IS A MAJOR IMPORTER OF AGRICULTURAL PRODUCTS AS WELL. IN 1973, AGRICULTURAL IMPORTS OF NEARLY 7.8 BILLION UNITS OF ACCOUNT REPRESENTED 30 PERCENT OF TOTAL ITALIAN IMPORTS.

THE KEY TO SUCCESS IN AGRICULTURE, IT SEEMS TO ME, IS EFFICIENCY. IN MY COUNTRY, OUTPUT PER MAN-HOUR IN AGRI-

CULTURE INCREASED THREE AND ONE-HALF TIMES BETWEEN 1950-1973. ONE FARM WORKER COULD FEED 16 PEOPLE IN 1950; TODAY HE CAN FEED MORE THAN 50. LESS THAN 4.5 PERCENT OF OUR PEOPLE PRODUCE ALL OF OUR FOOD.

THIS REMARKABLE IMPROVEIENT IN EFFICIENCY MADE IT POSSIBLE FOR AMERICAN CONSUMERS TO INCREASE PER CAPITA FOOD CONSUMPTION AND, AT THE SAME TIME, LOWER THE COST OF FOOD. THE AMERICAN FOOD BILL TOOK 23 PERCENT OF THE AVERAGE AFTER-TAX DISPOSABLE INCOME IN 1952 AS COMPARED WITH LESS THAN 17 PERCENT IN 1974.

THUS THE UNITED STATES IS IN A POSITION TO HELP SATISFY THE GROWING WORLD DEMAND FOR FARM PRODUCTS AT REASONABLE PRICES. THE AMERICAN FARMER WANTS TO RESPOND TO THOSE DEMANDS. HE CANNOT IF COMMERCIAL OUTLETS ARE UNCERTAIN OR SUBJECT TO SUDDEN EROSION OR DISAPPEARANCE DUE TO UNILATERAL POLICY ACTION BY OTHERS.

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THE EUROPEAN COMMUNITY'S COMMON AGRICULTURAL POLICY HAS PRECISELY THIS EFFECT. WE DO NOT DISPUTE THE NEED FOR SOME PROTECTION FOR AGRICULTURE. WE ARE NOT SO NAIVE AS TO EXPECT WHOLLY FREE TRADE IN AGRICULTURAL PRODUCTS. WE ARE NOT ATTEMPTING TO TEAR DOWN THE CAP AS AN INSTITUTION. BUT WE DO EXPECT LIBERALIZATION OF AGRICULTURAL TRADE TO BE NEGOTIATED IN CONJUNCTION WITH LIBERALIZATION OF INDUSTRIAL TRADE. AGRICULTURAL TRADE IS A VITAL UNITED STATES INTEREST AND IS THEREFORE SOMETHING IN WHICH EUROPEAN

BUSINESSMEN HAVE AN INTEREST. BECAUSE, PUT MOST DIRECTLY, THE UNITED STATES IS NOT PREPARED TO INCREASE ACCESS TO ITS MARKETS FOR INDUSTRIAL PRODUCTS -- OF VITAL INTEREST TO THE BUSINESS MAN -- UNLESS EUROPE PROVIDES ACCESS TO ITS MARKETS FOR AGRICULTURAL PRODUCTS WHICH ARE OF VITAL INTEREST TO US. THUS, WHILE AGRICULTURAL TRADE IS NOT GENERALLY OF INTEREST TO EUROPEAN BUSINESSMEN, WE SEE A FUNDAMENTAL LINKAGE BETWEEN AGRICULTURAL AND INDUSTRIAL TRADE LIBERALIZATION AND I INVITE YOUR ATTENTION, THEREFORE, TO WHAT ITALY AND EUROPEAN COMMUNITY ARE PREPARED TO DO FOR UNITED STATES AGRICULTURAL INTERESTS AS PART

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AND PARCEL OF WHAT THE UNITED STATES IS PREPARED TO DO FOR YOUR INDUSTRIAL INTERESTS.

CONCLUSION

THE RECENT SUMMIT MEETING AT RAMBOUILLET REFLECTED A GROWING AWARENESS OF THE PERVASIVE IMPORTANCE THAT ECONOMIC RELATIONSHIPS HAVE IN SHAPING FOREIGN RELATIONS GENERALLY AND IN SEEKING A PEACEFUL WORLD ORDER.

THIS REALIZATION HAS RESULTED FROM THE RISING CRESCENDO OF WORLD AFFAIRS OVER THE PAST FEW YEARS -- IN POLITICS, TRADE, FINANCE AND FROM THE QUICKENING PACE OF SOCIAL AND INTELLECTUAL EVOLUTION EVERYWHERE.

UNITED STATES FOREIGN ECONOMIC POLICY REFLECTS THE BASIC PRINCIPLES OF OUR OVERALL FOREIGN POLICY. THIS MEANS THAT WE SEEK TO EXPAND THE PARAMETERS OF FREEDOM FOR PRODUCTION, TRADE AND INVESTMENT THROUGHOUT THE WORLD. THUS, WE ARE CONCERNED WITH THE ORDERLY DISMANTLING OF BARRIERS TO INTERNATIONAL COMMERCE IN ORDER TO CREATE A FREER AND FAIRER INTERNATIONAL TRADING SYSTEM FOR THE BENEFIT OF ALL NATIONS, DEVELOPED AND DEVELOPING.

THE UNITED STATES IS EMERGING FROM ITS WORST RECESSION SINCE WORLD WAR II. THE PROGNOSIS IS FOR STEADY, SUSTAINABLE GROWTH. THE PROCESS OF RECOVERY -- UNDER WAY SINCE LAST SPRING BUT NOT YET COMPLETE -- WILL HELP CURE THE STAGNATION WHICH HAS AFFLICTED THE COUNTRIES OF EUROPE AND ELSEWHERE. IT WILL ALSO HAVE A BENEFICIAL, THOUGH NOT DETERMINING, EFFECT ON ECONOMIC REVIVAL ITSELF IN THOSE COUNTRIES.

REGARDLESS OF THE PACE OF RECOVERY, IT IS PRECISELY UNDER PRESENT CIRCUMSTANCES THAT NATIONS AND THEIR LEADERS MUST WORK TOGETHER. IN A INTERDEPENDENT WORLD THERE CAN BE NO STANDING PAT; THERE IS NO STATUS QUO. EITHER WE MOVE TOWARD GREATER LIBERALIZATION TOGETHER, OR INDIVIDUALLY WE SLIDE BACK TO ECONOMIC NATIONALISM. AND NATIONALISM, PROTECTIONISM, SELF-SUFFICIENCY -- WHATEVER IT IS CALLED -- WILL

NOT INSULATE COUNTRIES FROM THE REST OF THE WORLD TODAY ANY
MORE THAN IT DID IN THE 1930'S.
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GENTLEMEN, THE AGENDA IS LAID OUT FOR US. WE HAVE THE
CHANCE NOW TO SEIZE THE MOMENT AND ERECT A DURABLE AND
EQUITABLE TRADING SYSTEM FOR THE BALANCE OF THIS CENTURY.
INDEED, I WOULD SUGGEST THAT WE HAVE NO ALTERNATIVE.
WALKER

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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, POLICIES, AMBASSADORS, SPEECHES, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MTNGE00629
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D760034-0412
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760199/baaaengv.tel
Line Count: 554
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION STR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 11
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2004 by schwenja>; RELEASED <26 JUL 2004 by hattaycs>; APPROVED <28 JUL 2004 by ellisoob>
Review Markings:

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US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMBASSADOR WALKER'S SPEECH TO CONFINDUSTRIA
TAGS: ETRD, US, MTN, (WALKER, WILLIAM)
To: STATE INFO EC BRUSSELS
USIA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006